

## Summary

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#### MAIN FEATURES

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#### INTRODUCTION

This article presents selected data on estimates of personal income for the years 2003-04 to 2008-09, at a range of geographic levels. These estimates have been compiled using aggregated individual income tax data from the Australian Taxation Office (ATO) and are based on the information provided to the ATO by all Australians who lodged a tax return for each financial year. The Australian Bureau of Statistics (ABS) wishes to acknowledge the invaluable support of the ATO in compiling these statistics.

There are a number of breaks in series, which are discussed further in the section 'Series Breaks'. Changes in taxation policy can occur in any income year and can, for example, influence whether an individual needs to lodge a tax return, and what is required to be reported on the tax form. Breaks in the ABS series associated with changes of this type can impact on some year-to-year comparisons, however there are still a range of regional analyses able to be undertaken, including:

- analysing the regional differences in the level and composition of income in any given year;
- analysing the growth rate of income between years but not including any year affected by series breaks.

In fact, analysing change in sources of personal income over time can provide valuable insight into the nature of regional economies and aspects of the economic well-being of the people who live there.

This article begins with an overview of the sources of personal income for Australia, highlighting variations in average annual growth rates from 2003-04 to 2008-09 by source of income. It then analyses regional variations in average income from all sources at the state/territory and statistical division level for 2008-09.

While personal income data provide insights into the income in regional economies, wealth is also important to economic well-being, since some people on low incomes may have wealth to draw on, such as property and business assets (Australian Social Trends, 2006, cat. no. 4102.0). Conversely, some people on high incomes may also have high levels of debt. This article has a focus on income, but income alone does not necessarily equate with overall economic well-being.

Further analysis of regional incomes, including other sources of income (Wages and salary, Investments and Superannuation and annuities) can be undertaken using the data contained in the spreadsheets attached to this article. For more detailed data on persons earning Wage and salary incomes please refer to Wage and Salary Earner Statistics for Small Areas (cat. no. 5673.0.55.003).

#### Series Breaks

There are a number of breaks in series which means that some of the data is not able to be compared over time for some selected years. These breaks are outlined below.

##### **Superannuation**

One break in series was associated with a change to taxation legislation regarding superannuation which took effect from 1 July 2007. As of this date, people aged 60 years and over who received superannuation income in the form of a lump sum or income stream (such as a pension) from a taxed source, received that income tax free. This means that, if a person has no other income, or their total income is below the tax-free threshold, or any tax payable is mitigated by a tax offset (such as Senior Australian Tax Offset), they are not required to lodge a tax return.

In the ABS series, income from Superannuation and annuities fell from \$16.6 billion in 2006-07 to \$8.9 billion in 2007-08 and \$8.8 billion in 2008-09. This means there is a break in the superannuation series from 2007-08 onwards. Data for 2007-08 and 2008-09 are both on the same basis, but can not be compared with data in the years before these changes (i.e. for 2003-04 to 2006-07).

##### **Tax Bonus**

Other breaks in series were associated with the introduction of a one-off tax bonus in 2007-08 as part of the Economic Stimulus Package in response to the Global Financial Crisis. This one-off tax bonus was available to all individuals whose 2007-08 taxable income was \$100,000 or less, whose adjusted tax liability was greater than zero and who had filed their 2007-08 tax return by 30 June 2009. The Australian Taxation Office has reported in their *Taxation Statistics* publications that there was a 7.1% increase in individual tax lodgements for the 2007-08 financial year, in part due to individual lodgements being brought forward to access the tax bonus. This was followed by a fall of 2.8% in individual tax lodgements in 2008-09.

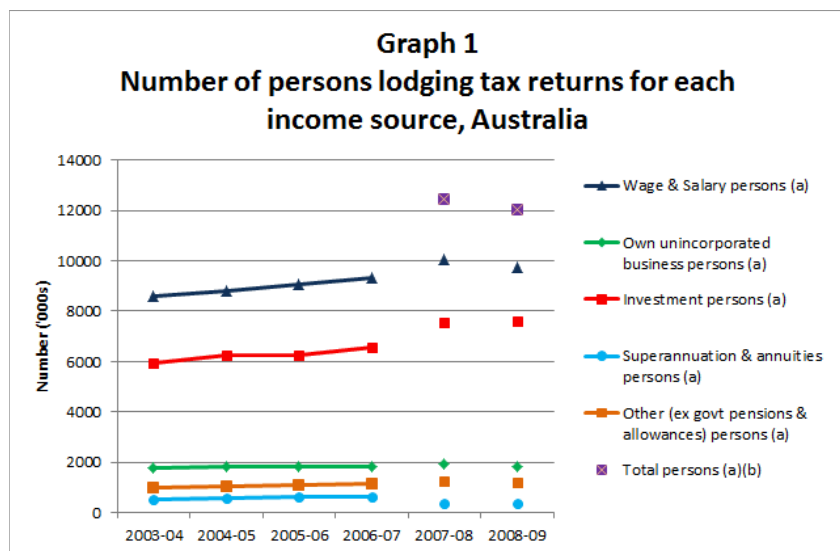
In the ABS series, total income rose by \$52.1 billion from 2006-07 to 2007-08, but rose by only \$12.3 billion from 2007-08 to 2008-09. The number of individuals in the ABS series fell from 12.4 million in 2007-08 to 12.0 million in 2008-09. This means there is a break in series between 2006-07 and 2007-08 and another break between 2007-08 and 2008-09.

#### Impacts of Series Breaks on Data Analysis

Analysis of the change in the number of individuals and in total income can be made between any year in the series except for 2007-08. For example, the analysis in this article focuses on the changes from 2003-04 to 2008-09 in total income in Australia.

However, average income in 2007-08 can be used for analysis, although some care should be exercised when doing so. If the changes in income and the number of individuals associated with a particular event are in similar proportions, then the average is not materially affected. Using data for Wage and salary earners for Australia, for example, we can see that from 2003-04 to 2007-08 income from Wages and salaries grew by a larger proportion each year than the number of Wage and salary earners, leading to a rise in average income from Wages and salaries in this period. In 2008-09, Wage and salary income rose by a small proportion, the number of Wage and salary earners fell, therefore resulting in a further increase in average Wage and salary income. Users should exercise some caution in analysing average incomes for regions in 2007-08, however, as changes associated with the tax bonus may not be equally distributed across areas (for example, different effects may be seen in regions with large numbers of low income earners).

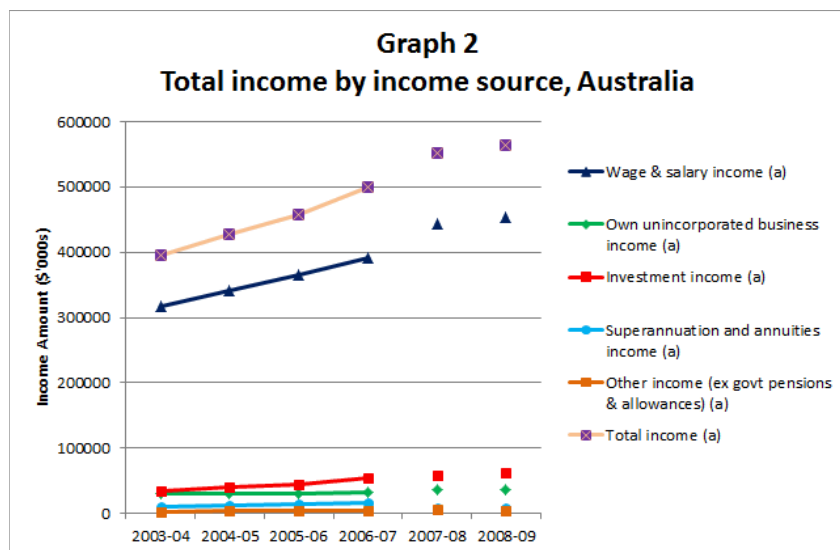
The impacts of the breaks in series are illustrated in the following graphs. Graph 1 shows the number of persons by each source of income (please note that individuals may receive income from more than one source).



(a) Breaks in series between 2006-07 and 2007-08 and between 2007-08 and 2008-09

(b) Data prior to 2007-08 are not available

Graph 2 shows Total income by source of income.



(a) Breaks in series between 2006-07 and 2007-08 and between 2007-08 and 2008-09

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## INCOME CHANGE IN AUSTRALIA, 2003-04 TO 2008-09

### Total Income

Total income (excluding Government pensions and allowances) grew by an average of 7.4% per annum from 2003-04 to 2008-09, and while most sources of income grew in absolute terms over this period, the average annual growth rates for each income source varied considerably (Table 1). For example, investment income had the largest average annual growth rate (12.2%), while Own unincorporated business income had the lowest (3.6%).

**Table 1. TOTAL INCOME, By Source - Australia**

	2003-04	2008-09	Average Annual Growth Rate, 2003-04 to 2008-09
Sources	\$m	\$m	%

Wages & salaries	316 925	453 779	7.4
Own unincorporated business	29 766	35 470	3.6
Investment	34 690	61 575	12.2
Superannuation & annuities (a)	11 002	8 817	n.a.
Other (b)	3 106	5 013	10.0
<b>Total income (b)</b>	<b>395 489</b>	<b>564 654</b>	<b>7.4</b>

(a) Average Annual Growth Rate can not be calculated due to break in series

(b) excludes Government pensions and allowances

n.a. Not Available

Table 2 shows that the three largest sources of income in each year have been Wages and salaries, Investment and income from Own unincorporated business (OUB), with Wages and salaries contributing around 80% of total income.

**Table 2. PROPORTION OF TOTAL INCOME, By Source - Australia**

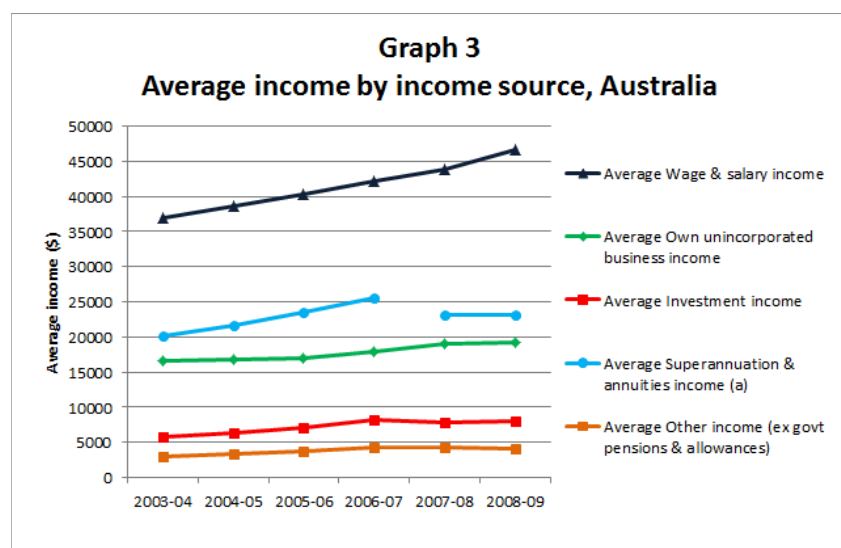
Financial Year	Wages & salaries %	Own unincorporated business %	Investment %	Superannuation & annuities (a) %	Other %
2003-04	80.1	7.5	8.8	2.8	0.8
2004-05	79.8	7.1	9.2	2.9	0.9
2005-06	79.5	6.8	9.6	3.2	0.9
2006-07	78.4	6.6	10.7	3.3	1.0
2007-08 (a)	80.1	6.7	10.6	1.8	1.0
2008-09	80.3	6.3	10.9	1.6	0.9

(a) Break in series in Superannuation income in 2007-08

### Average Income

Average total income data are only available for the 2007-08 and 2008-09 financial years. Over this period, average total income in Australia increased by 5.6%, from \$44,402 in 2007-08 to \$46,904 in 2008-09.

Graph 3 presents the average income for each personal income source in Australia for the years 2003-04 to 2008-09.



(a) Break in series in Superannuation in 2007-08

This graph shows that:

- Average Wage and salary income increased from \$36,889 in 2003-04 to \$46,599 in 2008-09, recording a 6.1% increase between 2007-08 and 2008-09;
- Average Own unincorporated business (OUB) income increased from \$16,538 in 2003-04 to \$19,286 in 2008-09, however growth slowed from 2007-08 to 2008-09 (1.7%);
- Average Investment income rose from 2003-04 to 2006-07, then fell from \$8,139 in 2006-07 to \$7,781 in 2007-08, before increasing by 4%, to \$8,092 in 2008-09;
- Average Superannuation income rose by 0.1% between 2007-08 and 2008-09.

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### REGIONAL VARIATIONS IN AVERAGE INCOME, 2008-09

Table 3 presents average income data for 2008-09 for all sources of income, by state and territory. The Australian Capital Territory recorded the highest average total income of all states and territories (\$55,714), followed by Western Australia (\$51,614) and the Northern Territory (\$48,885). In general, capital city statistical divisions recorded substantially higher average total incomes than regions outside of capital cities.

Average Wage and salary incomes were highest in the Australian Capital Territory, Western Australia and New South Wales and, and like average total income there were marked variations between capital cities and regions outside capital cities. Average income from Own unincorporated business was highest in Western Australia (\$25,857), Australian Capital Territory (\$23,760) and the Northern Territory (\$20,048), with capital city statistical divisions recording considerably higher average incomes from this source. Victoria recorded the highest average Investment income in 2008-09, followed by Western Australia and New South Wales. In all cases except Queensland, average income from Investments was higher in capital city regions compared with regions outside of capital cities.

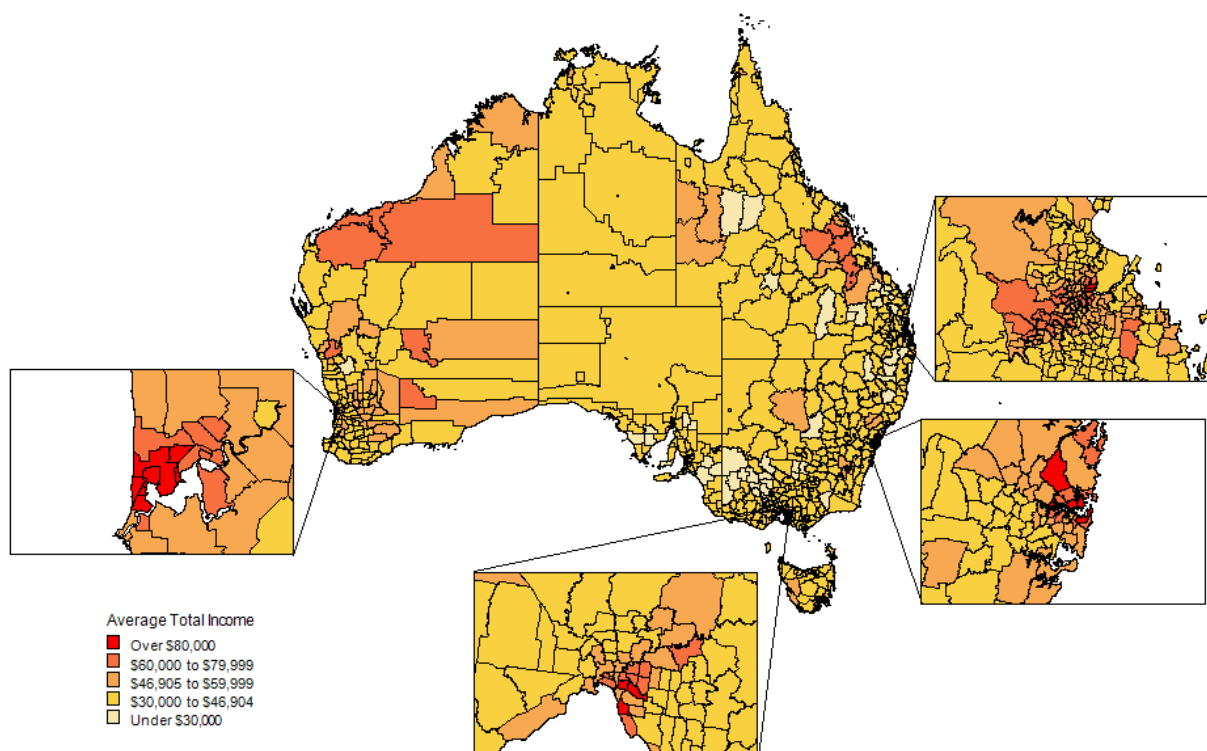
**Table 3. AVERAGE INCOME, By Source - Capital Cities and Balance of State, 2008-09**

Region	Wages & salaries	Own unincorporated business	Investment	Superannuation & annuities	Other Income (excl. Government pensions & allowances)	Total income from all sources (excl. Government pensions & allowances)
	\$	\$	\$	\$	\$	\$
<b>New South Wales</b>	<b>48 793</b>	<b>19 345</b>	<b>8 227</b>	<b>23 139</b>	<b>5 246</b>	<b>48 755</b>
Sydney SD	52 325	24 161	9 217	23 267	6 384	53 429
Balance NSW	41 600	12 984	6 353	22 981	2 851	39 911
<b>Victoria</b>	<b>45 246</b>	<b>18 143</b>	<b>8 979</b>	<b>21 448</b>	<b>3 690</b>	<b>46 013</b>
Melbourne SD	47 351	21 494	9 509	22 060	4 259	48 810
Balance of Vic	38 830	11 971	7 422	19 973	2 010	37 986
<b>Queensland</b>	<b>44 501</b>	<b>16 904</b>	<b>7 155</b>	<b>21 411</b>	<b>3 298</b>	<b>44 239</b>
Brisbane SD	46 814	22 065	7 016	21 875	3 384	47 326
Balance of QLD	42 311	13 854	7 281	21 004	3 222	41 477
<b>South Australia</b>	<b>41 896</b>	<b>19 659</b>	<b>7 651</b>	<b>24 793</b>	<b>3 025</b>	<b>42 675</b>
Adelaide SD	43 056	22 695	7 950	25 444	3 227	44 296
Balance of SA	38 418	15 031	6 815	22 432	2 423	38 119
<b>Western Australia</b>	<b>50 438</b>	<b>25 857</b>	<b>8 876</b>	<b>23 497</b>	<b>5 100</b>	<b>51 614</b>
Perth SD	51 125	27 404	9 291	23 971	5 703	52 784
Balance of WA	48 238	22 650	7 560	21 756	3 016	48 029
<b>Tasmania</b>	<b>39 398</b>	<b>16 905</b>	<b>6 864</b>	<b>21 397</b>	<b>2 911</b>	<b>39 935</b>
Greater Hobart SD	41 435	20 642	7 310	22 775	3 093	42 667
Balance of Tas	37 808	14 650	6 504	19 724	2 742	37 828
<b>Northern Territory</b>	<b>48 049</b>	<b>20 048</b>	<b>3 595</b>	<b>26 864</b>	<b>2 539</b>	<b>48 885</b>
Darwin SD	50 189	23 106	3 839	27 612	2 805	51 206
Balance of NT	43 986	11 988	2 983	24 301	1 822	44 268
<b>Australian Capital Territory</b>	<b>54 747</b>	<b>23 760</b>	<b>5 163</b>	<b>32 251</b>	<b>2 850</b>	<b>55 714</b>
Canberra SD	54 756	23 771	5 165	32 255	2 849	55 725
<b>Australia</b>	<b>46 599</b>	<b>19 286</b>	<b>8 092</b>	<b>23 214</b>	<b>4 153</b>	<b>46 904</b>

(a) excludes Government pensions and allowances

Map 1 illustrates average total income data for 2008-09 by Statistical Local Area (SLA). Over two-thirds of SLAs in Australia recorded average total incomes lower than the national average (\$46,904). The highest average total incomes were recorded in the SLAs surrounding Sydney Harbour (Mosman, Woollahra, Hunters Hill), in Mosman Park, Peppermint Grove, Cottesloe and Nedlands in Perth, Ascot and Hamilton in Brisbane, and Stonnington - Prahran and Bayside - Brighton in Melbourne. Outside the capital city statistical divisions, the SLAs with the highest average total incomes were located in the mining regions of Western Australia (Roebourne, Ashburton, East Pilbara, Port Hedland), Queensland (Isaac - Belyando and Broadsound) and South Australia (Roxby Downs).

**Map 1. AVERAGE TOTAL INCOME, By Statistical Local Area - Australia, 2008-09**



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#### TOP AVERAGE TOTAL INCOME REGIONS BY STATE AND TERRITORY, 2008-09

This section presents data on the five Statistical Local Areas (SLAs) in each capital city statistical division and balance of state with the highest average total incomes in 2008-09. The following tables also include data for 2007-08 (the first year for which data on average total income were available) and the percentage change in average income between 2007-08 and 2008-09.

#### NEW SOUTH WALES

The SLA of Mosman, on Sydney's North Shore, recorded the highest average total income in Australia in 2008-09 (\$130,637), as shown in Table 4. The SLA of Woollahra, in Sydney's east, recorded the State's second highest average total income in 2008-09 (\$116,922).

Hunters Hill (\$105,730), North Sydney (\$87,405) and Ku-ring-gai (\$85,727) round out the top five highest income SLAs in New South Wales. Hunters Hill recorded a 11% increase in average total income in 2008-09, largely the result of a 17% rise in average Own unincorporated business income and a 26% increase in average Investment income. In each case, the number of people reporting income from these sources fell slightly in 2008-09, however the absolute value of business and investment income reported rose substantially.

Average incomes in Sydney's Top 5 SLAs are substantially higher than for those for New South Wales across all income sources.

Outside of Sydney, highest average total incomes were recorded in the SLAs of Singleton in the Hunter Valley (\$55,577), Queanbeyan (\$54,431) and Palerang - Pt A in the state's south-east (\$53,170). Average total income in Singleton increased by almost 12% in 2008-09 (average Wage and salary income increased by 11% in this period, while average Investment income rose by 27%).

In 2008-09, around 16% of regions (a total of 32 SLAs) in New South Wales recorded average total incomes above the state average (\$48,755). Of these, all but 5 were located within the Sydney metropolitan area.

**Table 4. TOP AVERAGE INCOMES, New South Wales, 2007-08 and 2008-09**

Top 5 SLAs (a)	2007-08 \$	2008-09 \$	Percent change %
Sydney SD			
Mosman (A)	131 606	130 637	-0.7
Woollahra (A)	116 376	116 922	0.5
Hunters Hill (A)	95 027	105 730	11.3
North Sydney (A)	83 997	87 405	4.1
Ku-ring-gai (A)	82 195	85 727	4.3
<b>Sydney SD</b>	<b>51 121</b>	<b>53 429</b>	<b>4.5</b>
Balance of NSW			
Singleton (A)	49,780	55 577	11.6
Queanbeyan (C)	51 227	54 431	6.3
Palerang (A) - Pt A	50 537	53 170	5.2
Newcastle (C) - Inner City	47 375	50 933	7.5
Muswellbrook (A)	46 432	50 880	9.6
<b>Balance of NSW (b)</b>	<b>37 674</b>	<b>39 911</b>	<b>5.9</b>
<b>New South Wales</b>	<b>46 480</b>	<b>48 755</b>	<b>4.9</b>

(a) Excludes SLAs with less than 100 income earners

(b) Excludes SLA 'NSW Unknown'

## VICTORIA

Areas in Melbourne's inner south-east recorded Victoria's highest average total incomes in 2008-09 (Table 5). The SLA of Stonnington (C) - Prahran recorded the state's highest average total income (\$87,432), followed by Bayside (C) - Brighton (\$85,519) and Stonnington - Malvern (\$81,006). The SLAs of Boroondara - Kew (\$79,218) and Port Phillip - West (\$78,526) round out the top five.

Outside of Melbourne, highest average total incomes were recorded in the SLAs of Newtown in Geelong (\$54,375), Macedon Ranges - Balance, north-west of Melbourne (\$50,356), and Latrobe - Traralgon (\$46,587).

In 2008-09, around 18% of regions (a total of 36 SLAs) in Victoria recorded average total incomes above the state average (\$46,013). Of these, all but 3 were located within the Melbourne metropolitan area.

**Table 5. TOP AVERAGE INCOMES, Victoria, 2007-08 and 2008-09**

Top 5 SLAs (a)	2007-08 \$	2008-09 \$	Percent change %
Melbourne SD			
Stonnington (C) - Prahran	82 910	87 432	5.5
Bayside (C) - Brighton	80 948	85 519	5.6
Stonnington (C) - Malvern	77 316	81 006	4.8
Boroondara (C) - Kew	75 385	79 218	5.1
Port Phillip (C) - West	73 187	78 526	7.3
<b>Melbourne SD</b>	<b>46 187</b>	<b>48 810</b>	<b>5.7</b>
Balance of Vic			
Newtown	51 181	54 375	6.2
Macedon Ranges (S) Bal	47 546	50 356	5.9
Latrobe (C) - Traralgon	44 855	46 587	3.9
Geelong	43 672	46 558	6.6
Surf Coast (S) - East	42 287	45 757	8.2
<b>Balance of Vic (b)</b>	<b>36 556</b>	<b>37 986</b>	<b>3.9</b>
<b>Victoria</b>	<b>43 704</b>	<b>46 013</b>	<b>5.3</b>

(a) Excludes SLAs with less than 100 income earners

(b) Excludes SLA 'Vic Unknown'

## QUEENSLAND

Individuals in the inner-city areas of Ascot and Hamilton earned higher average incomes than Queenslanders in other regions (Table 6). The SLA of Hamilton recorded the highest average total income in Queensland in 2008-09 (\$88,272), followed closely by Ascot (\$88,259). Average Own incorporated business income increased by over 33% in 2008-09 in each of these SLAs.

Average total incomes in the SLAs of Bardon (a hilly suburb west of the city), Balmoral and Bulimba (riverside suburbs east of the city) increased by over 10% between 2007-08 and 2008-09. Average Investment income rose by over 45% in 2008-09 in both Balmoral and Bulimba.

Outside of Brisbane, highest average total incomes were recorded in the SLAs of Isaac - Belyando (\$67,751), Broadsound (\$66,505) and Nebo (\$66,301), and in the Central Highlands region, Duaringa (\$66,071) and Peak Downs (\$58,984).

In 2008-09, around 41% of regions (a total of 196 SLAs) in Queensland recorded average total incomes above the state average (\$44,239). Of these, around 69% were located within the Brisbane metropolitan area.

**Table 6. TOP AVERAGE INCOMES, Queensland, 2007-08 and 2008-09**

Top 5 SLAs (a)		2007-08 \$	2008-09 \$	Percent change %
Brisbane SD				
	Hamilton	84 759	88 272	4.1
	Ascot	84 766	88 259	4.1
	Bardon	64 189	71 001	10.6
	Balmoral	64 260	70 777	10.1
	Bulimba	64 276	70 770	10.1
<b>Brisbane SD</b>		<b>44 768</b>	<b>47 326</b>	<b>5.7</b>
Balance of Qld	Isaac (R) - Belyando	62 100	67 751	9.1
	Isaac (R) - Broadsound	60 474	66 505	10.0
	Isaac (R) - Nebo	58 934	66 301	12.5
	Central Highlands (R) - Duaringa	58 579	66 071	12.8
	Central Highlands (R) - Peak Downs	58 093	58 984	1.5
<b>Balance of Qld (b)</b>		<b>39 348</b>	<b>41 477</b>	<b>5.4</b>
<b>Queensland</b>		<b>41 911</b>	<b>44 239</b>	<b>5.6</b>

(a) Excludes SLAs with less than 100 income earners

(b) Excludes SLA 'QLD Unknown'

## SOUTH AUSTRALIA

The northern mining centre of Roxby Downs recorded the highest average total income in South Australia (\$73,015) in 2008-09, an increase of 10% from 2007-08 (Table 7). Average Wage and salary income rose by 12% in Roxby Downs during this period.

The inner-city SLA of Walkerville recorded the second highest average total income in 2008-09 (\$70,552), followed by the SLAs of Burnside - South West (\$65,581) and Unley - East (\$64,337).

Apart from Roxby Downs, other SLAs outside of Adelaide recording higher average total incomes were Whyalla (\$47,278), and the unincorporated areas of Flinders Ranges (\$46,287) and Far North (\$46,271).

In 2008-09, around 23% of regions (a total of 29 SLAs) in South Australia recorded average total incomes above the state average (\$42,675). Of these, around 69% were located within the Adelaide metropolitan area.

**Table 7. TOP AVERAGE INCOMES, South Australia, 2007-08 and 2008-09**

Top 5 SLAs (a)		2007-08 \$	2008-09 \$	Percent change %
Adelaide SD				
	Walkerville (M)	67 690	70 552	4.2
	Burnside (C) - South-West	61 109	65 581	7.3
	Unley (C) - East	60 212	64 337	6.9
	Mitcham (C) - North-East	59 120	62 825	6.3
	Burnside (C) - North-East	57 639	61 476	6.7
<b>Adelaide SD</b>		<b>41 914</b>	<b>44 296</b>	<b>5.7</b>
Balance of SA	Roxby Downs (M)	66 400	73 015	10.0
	Whyalla (C)	44 699	47 278	5.8
	Unincorp. Flinders Ranges	44 741	46 287	3.5
	Unincorp. Far North	43 232	46 271	7.0
	Barossa (DC) - Tanunda	41 748	45 199	8.3
<b>Balance of SA (b)</b>		<b>36 451</b>	<b>38 119</b>	<b>4.6</b>
<b>South Australia</b>		<b>40 488</b>	<b>42 675</b>	<b>5.4</b>

(a) Excludes SLAs with less than 100 income earners

(b) Excludes SLA 'SA Unknown'

## WESTERN AUSTRALIA

A substantial increase in investment income from 2007-08 to 2008-09 has taken the SLA of Mosman Park from fourth to the top of Western Australia's highest earning income regions (Table 8). The average total income of Mosman Park increased by 46% in 2008-09 - to \$116,197 - the third highest in Australia, behind Mosman and Woollahra in Sydney.

The neighbouring SLAs of Peppermint Grove and Cottesloe were Western Australia's next highest income regions; Peppermint Grove recorded an average total income of \$104,148 in 2008-09, followed by Cottesloe (\$102,847).

The central metropolitan areas of Nedlands (\$91,033) and Claremont (\$84,512) recorded increases of 10% and 12% respectively in average total income in 2008-09. The SLA of Nedlands recorded a 11% increase in both average Wage and salary income and average Own unincorporated business income in 2008-09. Claremont recorded a 12% increase in average Wage and salary income and a 24% increase in average Own unincorporated business income in this period.

In 2008-09, around 23% of regions (a total of 36 SLAs) in Western Australia recorded average total incomes above the state average (\$51,614). Of these, around half were located outside the Perth metropolitan area, mostly in key mining regions. These include the north-western SLAs of Roebourne (\$78,084 - up 11% from 2007-08), Ashburton (\$72,889 - up 9%), East Pilbara (\$72,255 - up 11%) and Port Hedland (\$70,317 - up 10%). The SLA of Mullewa (with 370 income earners) recorded a substantial increase in average total income in 2008-09, largely the result of a large increase in Own unincorporated business income from 2007-08 to 2008-09.

**Table 8. TOP AVERAGE INCOMES, Western Australia, 2007-08 and 2008-09**

Top 5 SLAs (a)		2007-08 \$	2008-09 \$	Percent change %
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Perth SD				
	Mosman Park (T)	79 505	116 197	46.2
	Peppermint Grove (S)	100 075	104 148	4.1
	Cottesloe (T)	98 219	102 847	4.7
	Nedlands (C)	82 840	91 033	9.9
	Claremont (T)	75 781	84 512	11.5
<b>Perth SD</b>		<b>48 588</b>	<b>52 784</b>	<b>8.6</b>
Balance of WA (b)	Roebourne (S)	70 261	78 084	11.1
	Ashburton (S)	66 894	72 889	9.0
	East Pilbara (S)	65 354	72 255	10.6
	Port Hedland (T)	63 816	70 317	10.2
	Mullewa (S)	29 750	68 889	131.6
<b>Balance of WA (b)</b>		<b>44 113</b>	<b>48 029</b>	<b>8.9</b>
<b>Western Australia</b>		<b>47 488</b>	<b>51 614</b>	<b>8.7</b>

(a) Excludes SLAs with less than 100 income earners  
(b) Excludes SLA 'WA Unknown'

## TASMANIA

The SLA of Hobart - Remainder had the highest average income in Tasmania (\$51,273 in 2008-09, up 8% from the previous year). Table 9 shows that the SLA of Hobart - Inner recorded the next highest average total income (\$48,960).

Of the areas outside the Greater Hobart Statistical Division, the SLAs of West Coast (\$47,031) and Launceston - Inner (\$42,736) recorded the highest average incomes in 2008-09.

In all, eleven SLAs in Tasmania recorded average total incomes above the state average (\$39,935) in 2008-09. Of these, seven were located outside the Greater Hobart Statistical Division.

**Table 9. TOP AVERAGE INCOMES, Tasmania, 2007-08 and 2008-09**

Top 5 SLAs (a)		2007-08 \$	2008-09 \$	Percent change %
Greater Hobart SD				
	Hobart (C) - Remainder	47 389	51 273	8.2
	Hobart (C) - Inner	46 051	48 960	6.3
	Kingborough (M) - Pt A	39 786	42 000	5.6
	Clarence (C)	39 070	41 510	6.2
	Brighton (M)	36 168	38 090	5.3
<b>Greater Hobart SD</b>		<b>40 022</b>	<b>42 667</b>	<b>6.6</b>
Balance of Tas (b)	West Coast (M)	43 377	47 031	8.4
	Launceston (C) - Inner	40 026	42 736	6.8
	Meander Valley (M) - Pt A	39 329	41 897	6.5
	Burnie (C) - Pt A	38 369	40 543	5.7
	West Tamar (M) - Pt A	38 317	40 140	4.8
<b>Balance of Tas (b)</b>		<b>35 928</b>	<b>37 828</b>	<b>5.3</b>
<b>Tasmania</b>		<b>37 718</b>	<b>39 935</b>	<b>5.9</b>

(a) Excludes SLAs with less than 100 income earners  
(b) Excludes SLA 'Tasmania Unknown'

## NORTHERN TERRITORY

People living in the remote mining areas of Alyangula and Nhulunbuy earned the highest incomes in the Northern Territory in 2008-09 (Table 10). Average total income increased by almost 13% in Alyangula (to \$69,213 in 2008-09), and although there was a slight fall in average total income in Nhulunbuy (down 1% from 2007-08), it remains the SLA with the second highest average total income in the Northern Territory.

The central city areas of Parap, Ludmilla, Fannie Bay, Narrows and The Gardens recorded similar average total incomes in 2008-09.

In 2008-09, around 65% of regions (a total of 42 SLAs) in the Northern Territory recorded average total incomes above the territory average (\$48,885). Of these, all but 3 were located in the Darwin metropolitan area.

**Table 10. TOP AVERAGE INCOMES, Northern Territory, 2007-08 and 2008-09**

Top 5 SLAs (a)		2007-08 \$	2008-09 \$	Percent change %
Darwin SD				
	Parap	54 566	57 498	5.4
	Ludmilla	54 683	57 439	5.0
	Fannie Bay	54 696	57 435	5.0
	Narrows	54 764	57 433	4.9
	The Gardens	54 809	57 429	4.8
<b>Darwin SD</b>		<b>48 088</b>	<b>51 206</b>	<b>6.5</b>
Balance of NT	Alyangula	61 327	69 213	12.9
	Nhulunbuy	59 017	58 228	-1.3
	West Arnhem (S) - Jabiru	53 293	53 441	0.3
	Alice Springs (T) - Stuart	43 620	46 925	7.6
	Alice Springs (T) - Charles	43 602	46 911	7.6
<b>Balance of NT (b)</b>		<b>41 393</b>	<b>44 268</b>	<b>6.9</b>
<b>Northern Territory</b>		<b>45 848</b>	<b>48 885</b>	<b>6.6</b>

(a) Excludes SLAs with less than 100 income earners  
(b) Excludes SLA 'NT Unknown'

## AUSTRALIAN CAPITAL TERRITORY

People living in the inner southern areas of Forrest and Red Hill recorded the highest average incomes in the Australian Capital Territory in

2008-09 (\$85,141 and \$85,100 respectively). Griffith (\$83,059), Duntroon (\$73,936) and Deakin (\$73,911) round out the top five (Table 11). Average Own unincorporated business income rose by 11% in Deakin in 2008-09, while average Investment income increased by almost 20% in Forrest, Red Hill and Griffith during the same period.

The Australian Capital Territory recorded the highest average income of all states and territories in 2008-09 (\$55,714).

**Table 11. TOP AVERAGE INCOMES, Australian Capital Territory, 2007-08 and 2008-09**

Top 5 SLAs (a)		2007-08 \$	2008-09 \$	Percent change %
Canberra SD	Forrest	78 373	85 141	8.6
	Red Hill	78 359	85 100	8.6
	Griffith	76 569	83 059	8.5
	Duntroon	69 077	73 936	7.0
	Deakin	69 060	73 911	7.0
	<b>ACT</b>	<b>52 330</b>	<b>55 714</b>	<b>6.5</b>

(a) Excludes SLAs with less than 100 income earners

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## About this Release

This release contains estimates of the sources and amount of personal income people received for the years 2003-04 to 2008-09, for Statistical Local Areas and other geographies (LGA, SSD, SD, State/Territory and Australia).

Data are provided on the number of individuals and the amount of income received from Wage and salary, Own unincorporated business, Investment, Superannuation and annuities, and Other income (excluding government pensions and allowances). An estimate of total income (excluding government pensions and allowances) is also provided.

The estimates have been compiled using aggregated individual income tax data from the Australian Taxation Office (ATO). The compilation of these data are part of the ABS' program to increase the availability of regional statistics, particularly through the use of administrative data collected by other government agencies. The ABS wishes to acknowledge the invaluable support of the ATO in compiling these statistics.

## Explanatory Notes

### Explanatory Notes

#### EXPLANATORY NOTES

##### INTRODUCTION

**1** This release contains regional estimates of the sources of personal income people received for each financial year from 2003-04 to 2008-09. Each of the tables provide a breakdown of total personal income by the following sources - Wage and salary, Own unincorporated business, Investment, Superannuation and annuities, Other income (excluding Government pensions and allowances) and the Total income from these sources.

**2** The previous issue of this release included estimates for the years 2003-04 to 2007-08. Estimates for the financial year 2008-09 have been added to the existing series to provide six years of data from 2003-04 to 2008-09. There are breaks in series (further details are in paragraphs 5 and 6).

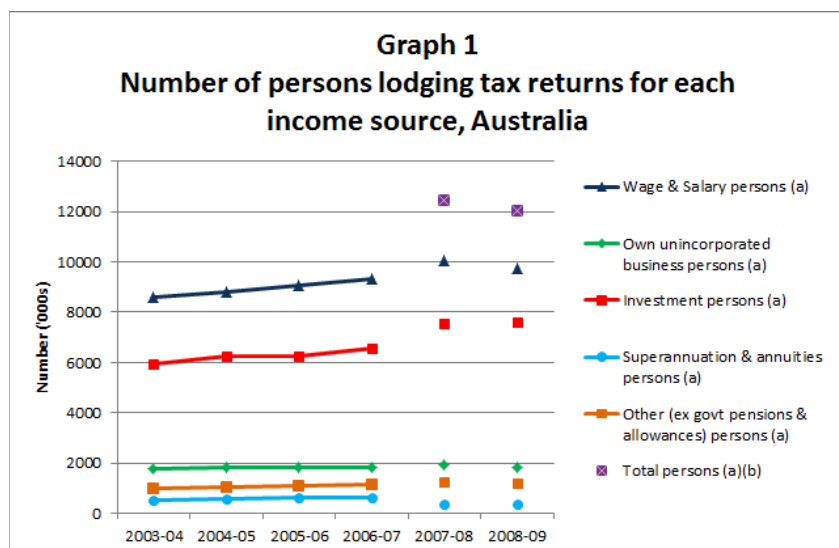
**3** Data is presented at various levels of the Australian Standard Geographical Classification (ASGC) 2008, including Statistical Local Areas (SLAs) and Local Government Areas (LGAs), for each State and Territory of Australia.

**4** These data have been compiled from the Australian Taxation Office's (ATO) Individual Income Tax Return Database and are part of the Australian Bureau of Statistics' (ABS) program to increase the range of regional statistics available, particularly through the use of administrative information collected by other government agencies. The ABS wishes to acknowledge the ATO which provided data used in compiling the statistics presented in this publication.

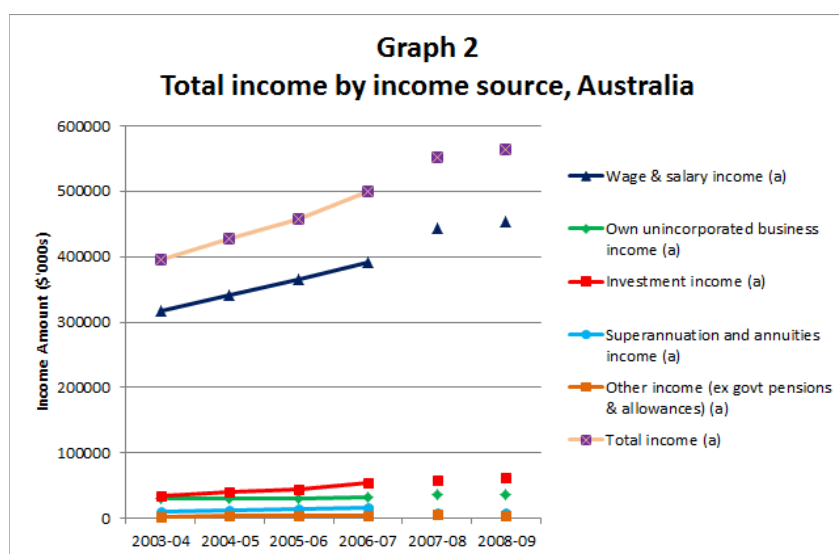
##### BREAKS IN SERIES

**5** There are a number of breaks in series, so some of the data is not able to be compared over time for some selected years. One break was associated with the introduction of a one-off tax bonus introduced as part of the Economic Stimulus Package in response to the Global Financial Crisis. This one-off tax bonus was available to all individuals whose 2007-08 taxable income was \$100,000 or less, whose adjusted tax liability was greater than zero and who had filed their 2007-08 tax return by 30 June 2009. The Australian Taxation Office has reported in their *Taxation Statistics* publications that there was a 7.1% increase in individual tax lodgements for the 2007-08 financial year, in part due to individual lodgements being brought forward to access the tax bonus. This was followed by a fall of 2.8% in individual tax lodgements in 2008-09. In the ABS series, total income rose by \$52.1 billion from 2006-07 to 2007-08, but rose by only \$12.3 billion from 2007-08 to 2008-09. The number of individuals in the ABS series fell from 12.4 million in 2007-08 to 12.0 million in 2008-09. Graphs 1 and 2 show series breaks in persons and income for each source of income.





(a) Breaks in series between 2006-07 and 2007-08 and between 2007-08 and 2008-09  
(b) Data prior to 2007-08 are not available



(a) Breaks in series between 2006-07 and 2007-08 and between 2007-08 and 2008-09

6 Other breaks in series were associated with a change to taxation legislation regarding superannuation which took effect from 1 July 2007. The impact of this change is discussed in more detail in the Scope and Coverage section (paragraph 22) below.

## CHANGES IN THIS ISSUE

7 Since the first issue in this series, there have been a number of changes in the data items in each income category, and in the data released. These changes are outlined in the following paragraphs (8 to 12).

## SUMMARY OF CHANGES TO THIS SERIES

8 Estimates of Personal Income for the years 1995-96 to 2000-01 were first released in Experimental Estimates of Personal Income for Small Areas, Taxation and Income Support Data, 1995-96 to 2000-01 (cat. no. 6524.0.55.001). These estimates included data for Government pensions and allowances from the then Australian Government Department of Family and Community Services (FaCS).

9 Further information regarding the estimates for 1995-96 to 2000-01 can be found in Information Paper: Experimental Estimates of Personal Income for Small Areas, Taxation and Income Support Data, 1995-96 to 2000-01 (cat. no. 6524.0).

10 Estimates of Personal Income for the years 2001-02 to 2005-06 were released in Estimates of Personal Income for Small Areas, 2001-02 to 2005-06 (cat. no. 6524.0.55.002). These estimates excluded Government pensions and allowances in Other income and Total income, but included Attributed personal services income in Wages and salaries.

11 Estimates of Personal Income for the years 2003-04 to 2007-08 have previously been released in Estimates of Personal Income for Small Areas, 2003-04 to 2006-07 and Estimates of Personal Income for Small Areas, 2003-04 to 2007-08 (cat. no. 6524.0.55.002). These estimates included income from Lump sums and Eligible termination payments in Wages and salaries, and counts of individuals for each source of income include individuals with positive or negative net income from that source.

12 The changes can be summarised as:

Release	Reference Periods	Government pensions and allowances	Wages and salaries inclusions	Number of individuals
6524.0 and 6524.0.55.00	1995-96 to 2000-01	Included	Gross wage and salary income Allowances, commissions, tips etc.	Individuals with positive net income
6524.0.55.002	2001-02 to 2005-06	Excluded	Gross wage and salary income Allowances, commissions, tips etc. Attributed personal services income	Individuals with positive net income
6524.0.55.002	2003-04 to 2006-07 2003-04 to 2007-08 2003-04 to 2008-09	Excluded	Gross wage and salary income Allowances, commissions, tips etc. Attributed personal services income Lump sums Eligible termination payments	Individuals with positive and negative net income

## CONFIDENTIALITY

**13** All individual income tax statistics are provided to the ABS by the ATO in aggregated form only, at the SLA level. Information about individual taxpayers has not been released to the ABS.

**14** Prior to being provided to the ABS, the statistics have also been subjected to a confidentiality process that randomly adjusts table cells with small values. This includes altering some small cells to zero. Caution should therefore be exercised in deducing that there are no people in an area with certain types of income and, in general, no reliance should be placed on table cells with small values. The confidentiality process prevents the risk of inadvertently releasing any information that may identify an individual while preserving the overall information value of the statistics.

## SCOPE AND COVERAGE

**15** The main functions and responsibilities of the ATO are to administer taxation legislation and to collect a wide variety of taxes. The ATO therefore collects data from its reporting population as part of its processes to calculate income tax liability for those persons who are required to lodge an income tax return.

**16** The ATO database covers all individuals who submit an individual income tax return and includes persons with income from one or more of a range of sources, such as wages and salaries, own unincorporated business, superannuation and annuities, investments and Government pensions, benefits or allowances. The scope of the ATO statistics presented in this release are data items relating to income standards the ABS uses for its income surveys. However the scope of the ATO statistics presented in this release exclude Government pensions, benefits or allowances.

### Wage and salary income

**17** Wages and salaries are the main forms of payments made to employees for their work or services. Wage and salary income, as reported on the income tax return, includes:

- Gross income, as shown on the 'PAYG payment summary - individual non-business';
- Allowances, which may include car, travel or transport allowances, allowances for tools, clothing or laundry and dirt, risk, meal or entertainment allowances;
- Commissions, bonuses, tips, gratuities, consultation fees, honoraria and other payments for services;
- Attributed personal services income;
- Eligible termination payments; and
- Lump sums.

### Own unincorporated business income

**18** Own unincorporated business income includes the following data items on the individual income tax return:

- Net income (or loss) from business;
- Distributions from partnerships and trusts for primary production activities;
- Distributions from partnerships for non-primary production activities; and
- Net personal services income.

**19** The data excludes distributions from trusts for non-primary production activities as this mainly includes income from a range of other activities (mainly investments). It also excludes the income of working directors/owners of incorporated businesses who are classified as employees and consequently their income is included under wage and salary income.

### Investment income

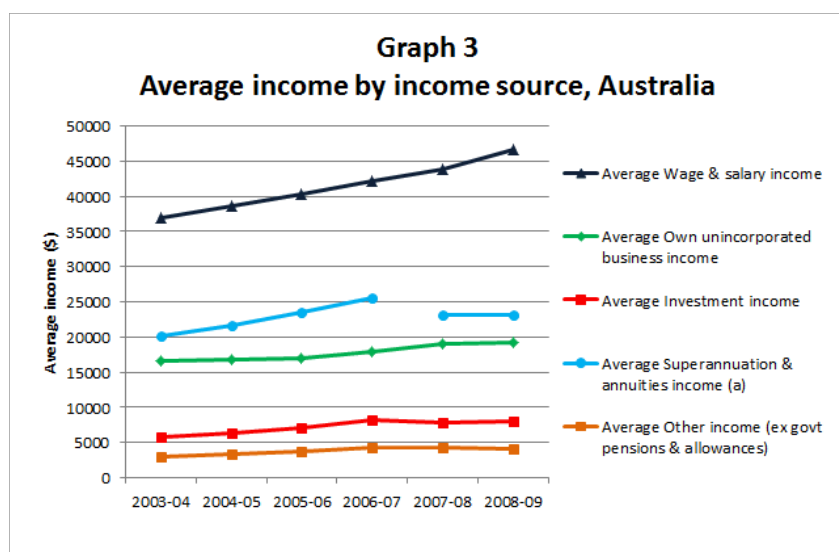
**20** Investment income includes:

- Interest from financial institutions;
- Net rent and dividends or distributions (including imputation credits) from an Australian company, corporate unit trust or public trading trust; and
- Distributions from trusts - non-primary production which mainly includes income from investments with cash management trusts, property trusts, money market trusts, mortgage trusts and unit trusts.

### Superannuation and annuity income

**21** Superannuation and annuity income includes superannuation and similar pensions and annuities paid by an Australian superannuation fund, a retirement saving account provider, a registered organisation or life assurance company and pensions paid by a fund established for the benefit of Commonwealth, State or Territory employees and their dependants. Also included in this category are bonuses from life insurance companies and friendly societies.

**22** A change to legislation relating to superannuation, taking effect from 1 July 2007, means that people aged 60 years and over who receive superannuation income in the form of a lump sum or income stream (such as a pension) from a taxed source, will receive that income tax free. Therefore, if a person has no other income, or their total income is below the tax-free threshold, or any tax payable is mitigated by a tax offset (such as Senior Australian Tax Offset), then this person will not be required to lodge a tax return. In the ABS income series for superannuation and annuities, fewer persons reported income from this income source for the 2007-08 income year onwards. The break affects all Superannuation series (persons, income and average income). Graph 3 shows average income, with the series break in average Superannuation income in 2007-08.



(a) Break in series in Superannuation in 2007-08

### Other income (excluding Government pensions and allowances)

**23** Other income (excluding Government pensions and allowances) is made up of selected sources of other income reported on the individual income tax return that were not allocated to one of the above categories. In the main these include attributed foreign income and all other income as reported in question 24 (supplementary section) of the 2008-09 income tax return.

**24** Government pensions, benefits or allowances are excluded from the data and are therefore not included in this source of income category. Estimates from the ABS Survey of Income and Housing (SIH) of the amount of income Australians received from Government pensions and allowances was \$56.3 billion in 2003-04, \$61.1 billion in 2005-06 and \$65.9 billion in 2007-08. This accounted for 12.0% of the total income estimate in SIH in 2003-04, 11.1% in 2005-06 and 9.5% in 2007-08.

### Total Income (excluding Government pensions and allowances)

**25** Total Income is the sum of all income derived from Wages and salaries, Own unincorporated business, Superannuation and annuities, Investments and Other income (excluding Government pensions, benefits or allowances), (defined in paragraphs 16 to 22 above).

### Counts of individuals

**26** Individuals may have income from a number of sources. Net income from a specific source may be positive or negative. For example, an individual may have positive net income from Wages and salaries but negative net income from Investment. The number of individuals for each income source includes all persons with either positive or negative net income from that source.

**27** The total number of discrete persons in receipt of income from at least one of the income sources, was presented for the first time for the income year 2007-08. This total cannot be calculated as the sum of the individuals in each income category, as individuals may have more than one source of income in a given year. For example, an individual could derive income from Wages and salaries, Investment and Own unincorporated business and therefore contribute to the person count in each of these income sources.

### DATA CONSIDERATIONS

**28** There are several data considerations that users should be aware of when analysing the data. Overall, these are not viewed as being so severe that they would lead to the production of misleading information. Readers are cautioned to be aware of these considerations and take them into account when analysing the results.

**29** For the purposes of providing statistical measures for the entire population, the ATO database has some limitations in its coverage. Persons who receive less than the taxable income threshold are not necessarily required to lodge a tax return. This can include persons who derive their income from government pensions and allowances. Consequently, the coverage of low income earners, including people receiving government pensions and allowances is not complete in ATO records. In addition, a number of Commonwealth of Australia Government pension, benefit and allowance payments are exempt from income tax and are therefore not required to be included in tax returns.

**30** Generally, the ATO considers someone to be an Australian resident for tax purposes if they have either always lived in Australia or have come to Australia to live permanently, have been in Australia for more than half of the financial year (unless their usual home is overseas and they don't intend to live in Australia), have been in Australia continuously for six months or more and for most of that time have been in the one job and living in the same place, or are an overseas student enrolled in a course of study for more than six months duration.

## Processing of tax returns

**31** The data presented in this publication were compiled before the processing of all income tax returns for any given year may have been completed. Data provided to the ABS by the ATO are from returns processed up to 31 October, 16 months after the end of the financial year. Any returns lodged after this date are not included. Therefore, for 2008-09, returns processed after 31 October 2010 are not included. This also applies for each of the previous years of data presented in this release, so for 2007-08 data for example, returns processed after 31 October 2009 are not included.

**32** Annual revised data is published by the ATO in Taxation Statistics, Personal Tax, Table 7 for selected income items. Although this data is different to the data contained in this release, it can be used to give an indication of the likely change in the number of taxpayers and total income or loss over time as more tax returns are lodged. As an example, Table 1 below shows that for the 2003-04 income year, an additional 3.1% of taxpayers lodged their income tax returns in the twelve months after the initial processing cut off of 31 October 2005. By the 31 October 2010 cut off, 11.6 million tax returns had been processed for the 2003-04 financial year, an increase of 6.1% from the original 2003-04 data. An initial increase of around 3% in the next year was also observed for 2004-05 and 2005-06 data, a 4.5% initial increase for 2006-07 data, and a 1.3% increase for 2007-08 data.

**Table 1. COMPARISON OF ATO ORIGINAL AND REVISED DATA - Number of taxpayers**

Returns lodged as at	Income Year										
	2003-04		2004-05		2005-06		2006-07		2007-08		2008-09
	no.	% change from 31 Oct 2005	no.	% change from 31 Oct 2006	no.	% change from 31 Oct 2007	no.	% change from 31 Oct 2008	no.	% change from 31 Oct 2009	no.
31-Oct-2005	10 978 900										
31-Oct-2006	11 319 380	3.1	11 235 995								
31-Oct-2007	11 467 335	4.4	11 615 485	3.4	11 510 960						
31-Oct-2008	11 548 165	5.2	11 759 990	4.7	11 891 115	3.3	11 799 230				
31-Oct-2009	11 622 220	5.9	11 881 460	5.7	12 107 865	5.2	12 328 685	4.5	12 640 765		
31-Oct-2010	11 645 800	6.1	11 920 320	6.1	12 167 625	5.7	12 428 670	5.3	12 806 890	1.3	12 291 715

**33** Table 2 shows an overall increase in total income as more tax returns are lodged after the initial cut off date. For 2003-04 data, an additional 3.1% of income was reported twelve months after the initial 16 month cut off of 31 October 2005. This increased to \$436.1 billion by the 31 October 2010 cut off, a total increase of 5.3% since the original published income estimate.

**Table 2. COMPARISON OF ATO ORIGINAL AND REVISED DATA - Total income or loss**

Returns lodged as at	Income Year										
	2003-04		2004-05		2005-06		2006-07		2007-08		2008-09
	\$b	% change from 31 Oct 2005	\$b	% change from 31 Oct 2006	\$b	% change from 31 Oct 2007	\$b	% change from 31 Oct 2008	\$b	% change from 31 Oct 2009	\$b
31-Oct-2005	<b>414.1</b>										
31-Oct-2006	426.8	3.1	<b>447.4</b>								
31-Oct-2007	431.2	4.1	461.6	3.2	<b>483.1</b>						
31-Oct-2008	433.4	4.6	466.2	4.2	498.7	3.2	<b>533.9</b>				
31-Oct-2009	435.4	5.1	469.9	5.0	506.6	4.9	556.8	4.3	<b>583.4</b>		
31-Oct-2010	436.1	5.3	471.0	5.3	508.6	5.3	560.9	5.1	592.6	1.6	<b>583.8</b>

**34** Due to the later lodgement dates for a small portion of tax returns (as shown above) the data provided in this release slightly under-estimates the total taxable income for a given financial year.

## Changes in taxation policy

**35** The ATO provides information annually in Taxation Statistics on their website about changes that may affect taxation statistics. Changes relating to personal income tax are in each edition of Taxation Statistics.

**36** For the income year 2008-09, a number of changes were noted in Chapter 2 of Taxation Statistics, including:

- the change in personal tax thresholds;
- the education tax refund which allows eligible parents to claim a refund on some educational expenses;
- the introduction of first home saver accounts;
- extra HECS-HELP benefits available to mathematics and science graduates and early childhood education teachers in specified locations;
- changes to death benefits for dependants of same sex couples;
- the introduction of the small business and general business tax break;
- the introduction of an upper income limit for certain tax offsets;
- adjustment in the Medicare levy surcharge thresholds;
- special arrangements for people affected by the bushfires and floods.

**37** The ATO has noted in Chapter 2 of Taxation Statistics 2008-09 that '*Lodgment of individuals' tax returns fell by 2.8% for the 2008-09 income year. This decrease reflects, in part, individual lodgments brought forward for the 2007-08 income year to access the government's tax bonus payment*'.

**38** For the income year 2007-08, a number of changes were noted in Chapter 2 of Taxation Statistics, including:

- Personal income tax cuts;
- The increase in the low income tax offset from \$600 in 2006-07 to \$750 in 2007-08;
- The change in access to the entrepreneur tax offset;
- The removal of the undeducted purchase price of an Australian pension or annuity from deduction items - it is now being accounted for and included in the tax-free component of the Australian annuities and superannuation income streams;
- The removal of age-based limits for claiming a deduction for super contributions;
- The change to super contribution limits where eligible individuals may now claim a full deduction for personal super contributions; and
- The change to super taxation where most people aged 60 and over who receive super benefits from a taxed source, the payment of a benefit as a lump sum or income stream (such as a pension) is now tax free

**39** For the income year 2006-07, the following changes were noted in Chapter 2 of Taxation Statistics:

- Personal income tax cuts;
- The increase in the low income tax offset from \$235 in 2005-06 to \$600 in 2006-07;
- The abolition of the part-year tax-free threshold for individuals who ceased full-time education for the first time;
- Changes to the tax treatment of foreign income and some capital gains for temporary residents;
- An increase in the amount you can claim for contributions to registered political parties, independent candidates and members from \$100 to \$1,500; and
- The entitlement to claim a tax offset if you have to pay the Medicare levy surcharge as a result of you or your spouse receiving a lump sum payment in arrears.

**40** For the income year 2005-06, the following changes were noted in Chapter 2 of Taxation Statistics:

- Personal income tax cuts;
- The introduction of new measures such as the 30% child care tax rebate, the 25% entrepreneurs' tax offset, transitional incentives to contribute to superannuation; and
- Transition to retirement rules - people aged over 55 can now access superannuation benefits without having to retire or leave their job.

**41** For the income year 2004-05, the following changes were noted in Chapter 2 of Taxation Statistics:

- Personal income tax cuts; and
- Introduction of the mature age worker tax offset - workers aged 55 years and over may be entitled to the offset, based on the amount of income they received from working.

**42** For the income year 2003-04, the following change was noted in Chapter 3 of Taxation Statistics:

- The Super Co-contribution, which replaced the superannuation tax offset for personal superannuation contributions.

## COMPARISON WITH OTHER ABS INCOME DATA

**43** The ABS Survey of Income and Housing (SIH) collects information on sources of income, amounts received and the characteristics of persons aged 15 years and over resident in private dwellings throughout Australia. The survey was conducted every year from 1994-95 to 1997-98, and then in 1999-2000, 2000-01 and 2002-03. From 2003-04, the survey is being conducted every two years. The latest survey was for the 2007-08 income year. For further information about the concepts, definitions, methodology and estimation procedures used in the SIH, refer to Survey of Income and Housing, User Guide, 2007-08 (cat. no. 6553.0).

**44** Data collected from SIH can be compared to ATO data published in this release for the years 2003-04, 2005-06 and 2007-08. Comparison of these three series can provide a means of assessing trends, establishing whether counts are of an expected magnitude and whether the distribution of income across the various sources is similar.

**45** SIH produces estimates of current income as well as estimates of annual income in respect to the previous financial year. Current income refers to income being received at the time the data were collected from respondents. The data used in the following comparison are based on current income estimates as these are thought to provide a better picture of income earners, are more up to date and are generally reported more accurately than previous financial year estimates.

**46** Differences exist between the three years of SIH data which should be taken into consideration, most significantly that the 2005-06 and 2007-08 surveys were run as stand alone surveys, whereas the 2003-04 SIH was integrated with the Household Expenditure Survey (HES). This may have had an impact on response.

**47** Benchmarks used for the 2007-08 SIH were based on the 2006 census, whereas benchmarks for the 2003-04 and 2005-06 SIH were based on the 2001 census. Employment income for 2007-08 now includes all payments received by individuals as a result of their current or former involvement in paid employment. In addition to the regular and recurring cash receipts previously included, the new income measures also include non-cash benefits, bonuses, termination payments and payments for irregular overtime.

**48** Table 3 presents comparable income data items from ATO data contained in this release and SIH data for 2003-04, 2005-06 and 2007-08.

**Table 3. COMPARISON OF ATO (a) AND SIH (b) INCOME DATA, AUSTRALIA**

	2003-04	2005-06	2007-08
	\$b	\$b	\$b

<b>Wage and salary</b>			
ATO	316.9	364.5	442.4
SIH (c)	341.7	402.1	513.1
<b>Own unincorporated business</b>			
ATO	34.7	44.0	58.6
SIH	21.6	29.3	43.4
<b>Superannuation and annuity</b>			
ATO (d)	11.0	14.5	8.9
SIH	13.2	14.3	20.6

- a) ATO data includes data that could not be allocated to a state or territory  
b) SIH data is current estimates rather than previous financial year  
c) SIH data includes non cash benefits in wage and salary income  
d) Change to ATO superannuation income for 2007-08

**49** The differences observed between the two sets of income data are likely to be as a result of different definitions, methodologies and reference periods. For example, the inclusion of imputation credits and distributions from trusts - non-primary production may contribute to the higher estimates observed in the ATO investment data.

**50** The higher SIH wage and salary estimate is in part due to the inclusion of non-cash benefits (including salary sacrificed income) in this income source. Non-cash wage and salary income is not reported on the personal income tax form and is therefore excluded from wage and salary income data provided by the ATO.

**51** The SIH Wages and salaries estimate for 2007-08 also includes, for the first time, irregular overtime and bonuses as well as termination payments.

**52** With the changes to reporting of superannuation income (see paragraph 22 above) the SIH estimate of superannuation provides a more accurate indication of the level of income derived from superannuation and annuities from the 2007-08 income year onwards.

## STATISTICAL GEOGRAPHY

**53** The Australian Standard Geographic Classification (ASGC) is used by the ABS for the collection and dissemination of geographically classified statistics. It is an essential reference for understanding and interpreting the geographic context of statistics published, not only by the ABS but also by other organisations, and its use enables comparability across datasets.

**54** ATO data based on postcodes has been converted to data for Local Government Areas (LGA) and Statistical Local Areas (SLA) as defined by the Australian Standard Geographical Classification (ASGC). Boundaries of these regions can change over time and the ABS revises and releases the ASGC annually.

**55** Data in this publication for all years are presented on boundaries in Australian Standard Geographical Classification (ASGC), 2008 (cat. no. 1216.0).

### Geographic correspondences

**56** The ABS uses geographic correspondences to enable the conversion of data from one type of geographic region to another. These geographic correspondences are generally used to convert data for 'non-standard areas' to data for standard areas used by the ABS. Geographic correspondences (or conversions) are expressed as conversion factors based on population.

**57** The geographic identifier on the ATO database is the postcode of the individuals' current home address at the time of completing the tax return. Consequently, postcode to SLA conversion factors have been used by the ATO to transform aggregated postcode data to estimates for Statistical Local Areas. The correspondences are based on the Estimated Resident Population. For further information see the detailed main structure of the Australian Standard Geographical Classification (ASGC), 2008 (cat. no. 1216.0).

**58** The correspondence process:

- Enables the data to be more easily compared with standard ABS output;
- Enables the data to be output for other standard ABS geographic areas such as Statistical Divisions (SD), Statistical Subdivisions (SSD) and Local Government Areas; and
- Provides flexibility so that data can be provided for the different regions of interest being studied by users of regional data (which are usually groupings of SLAs and/or LGAs).

**59** When analysing data transformed by correspondences, the following limitations of this methodology need to be taken into account:

- In applying the correspondences it is assumed that the particular characteristics of any data item are uniformly distributed across a postcode area. Therefore, data transformed by correspondences may not truly reflect the distribution of the characteristics of the population. In some cases, where the same postcode is split across two or more SLAs and there are no other contributing postcodes, distinct numerical estimates will be derived but rates or averages will be identical for each SLA (as these will be equivalent to the original rate or average of the contributing postcode);
- The conversion factors are based on total population only but have been applied across all ATO data items, i.e. the number of wage and salary earners, wage and salary income, total income and sex, age and occupation groups;
- Some official postcodes (such as PO boxes, etc.) do not correspond to residential areas but may still have been reported under the current home address field on the income tax return. Data for these and other 'invalid' postcodes, such as those due to incorrect reporting or processing errors, have been included in an 'unknown' category for each State and Territory and for Australia where the state or territory was not known; and
- Data transformed by correspondences have been rounded so discrepancies may occur between sums of the component items and totals.

**60** While care was taken in producing the correspondences, the ABS will not guarantee the accuracy of data transformed by correspondences.

## Geographic regions

**61** The statistics in this electronic release and accompanying data cubes are presented according to the Australian Standard Geographical Classification (ASGC), 2008. Under this classification, statistical areas are defined as follows:

- **Local Government Areas (LGAs):** These areas are the spatial units which represent the geographical areas of incorporated local government councils. The various types of LGAs are cities (C), NSW local government areas (A), boroughs (B), rural cities (RC), towns (T), shires (S), district councils (DC), municipalities (M), SA regional councils (RegC), Qld regional councils (R) and SA Aboriginal councils (AC);
- **Statistical Local Areas (SLAs):** These geographical areas are in most cases identical with, or have been formed from a division of, whole LGAs. In other cases, they represent unincorporated areas. In aggregate, SLAs cover the whole of a State or Territory without gaps or overlaps. In some cases legal LGAs overlap Statistical Subdivision boundaries and therefore comprise two or three SLAs;
- **Statistical Subdivisions (SSDs):** These are of intermediate size, between SLAs and SDs. In aggregate, they cover the whole of Australia without gaps or overlaps. They are defined as socially and economically homogeneous regions characterised by identifiable links between the inhabitants. In the non-urban areas an SSD is characterised by identifiable links between the economic units within the region, under the unifying influence of one or more major towns or cities;
- **Statistical Divisions (SDs):** These consist of one or more SSDs. The divisions are designed to be relatively homogeneous regions characterised by identifiable social and economic units within the region, under the unifying influence of one or more major towns or cities.

**62** Further information concerning statistical areas, including information about recent changes to boundaries, is contained in Australian Standard Geographical Classification (AGSC), 2008 (cat. no. 1216.0). The ASGC also includes a complete series of maps. SLA maps for all states and territories can be found in Chapter 16 of the publication, or can be accessed individually from the Downloads tab.

**63** From July 2011 the ABS will progressively replace the current Australian Standard Geographical Classification (ASGC) with the new Australian Statistical Geography Standard (ASGS) as its geographical framework. More information about the ASGS can be obtained from the Geography portal on the ABS website.

**64** The next issue of this release, containing data for the 2009-10 income year, is expected to be released on the ASGS, at SA2 level and also LGA level. It is expected that a five year time series on the new geography will be released at this time.

## AVERAGE ANNUAL GROWTH RATE

**65** The average annual growth rate is calculated as a percentage using the formula below, where Y0 is the average income at the start of the period, Yn is the average income at the end of the period, and n is the length of the period (in years) between Y0 and Yn.

$$[(Y_n/Y_0)^{1/n} - 1] \times 100$$

## FURTHER INFORMATION

**66** For further information about these and other statistics, contact the National Information and Referral Service on 1300 135 070.

# Abbreviations

## ABBREVIATIONS

A	Area
ABS	Australian Bureau of Statistics
AC	Aboriginal council
ACT	Australian Capital Territory
ANZSCO	Australian and New Zealand Standard Classification of Occupations
ASGC	Australian Standard Geographical Classification
ASGS	Australian Statistical Geography Standard
ATO	Australian Taxation Office
B	Borough
cat. no.	Catalogue number
C	City
DC	District Council
FaCS	Australian Government Department of Family and Community Services
HES	Household Expenditure Survey
LGA	local government area
M	Municipality
NSW	New South Wales
NT	Northern Territory
PAYG	pay-as-you-go tax
Pt	part
Qld	Queensland
OUB	Own unincorporated business
R	Regional Council
RC	Rural City
RegC	Regional Council
S	Shire
S/T	state or territory
SA	South Australia

SD	statistical division
SIH	Survey of Income and Housing
SLA	statistical local area
SSD	statistical subdivision
T	Town
Tas.	Tasmania
Vic.	Victoria
WA	Western Australia

## Quality Declaration

### INSTITUTIONAL ENVIRONMENT

These estimates of personal income published by the ABS are sourced from the Australian Taxation Office (ATO). The ATO collects personal income tax information from the lodgement of personal income tax returns as part of their role to 'manage and shape tax, excise and superannuation systems that fund services for Australians' [Source: [http://www.ato.gov.au/About Us/](http://www.ato.gov.au/About%20Us/)].

The ATO compiles a range of data from this collection for release on the ATO website. An extract of personal income tax is provided to the ABS on an annual basis under a Memorandum of Understanding (MOU) between the ABS and the ATO.

All individual income tax statistics are provided to the ABS by the ATO in aggregated form only, at the Statistical Local Area (SLA) level. Information about individual taxpayers has not been released to the ABS.

For information on the institutional environment of the ABS, including the legislative obligations of the ABS, financing and governance arrangements, and mechanisms for scrutiny of ABS operations, please see ABS Institutional Environment.

### RELEVANCE

Personal income data are produced at regional (small area) level to provide valuable information about regional economies and the income of individuals resident in regions. This annual regional level income data is not available from existing ABS censuses and surveys.

The scope of the personal income tax data includes individuals who submit an individual income tax return to the Australian Tax Office. Data items for individuals include number of 'taxable' and 'non-taxable individuals', and 'taxable income'.

The main statistical releases from ATO personal income tax data are:

1. Counts of taxable and non-taxable individuals, and amount of taxable income;
2. Number of persons and amount of income from Wages and salaries, Own unincorporated business, Investment, Superannuation and annuities, Other income (excluding Government pensions and allowances), Total income (excluding Government pensions and allowances);
3. Number of Wages and salary earners, income earned and Average Wage and salary income by various cross-classifications (age, sex, occupation and income range).

Data for income categories in 2. and 3. above are aggregated from items in the individual income tax return, and are selected to conform as closely as possible to ABS Income Standards.

These statistical releases are presented at the following levels of geography as in the Australian Standard Geographical Classification (ASGC): Statistical Local Area; Statistical Subdivision; Statistical Division; Local Government Area; state/territory, Australia.

Occupation data for Wage and salary earners is presented using the Australian and New Zealand Standard Classification of Occupations (ANZSCO).

### TIMELINESS

Individuals may lodge income tax returns in respect of each financial year (1 July to 30 June). Personal income tax data is provided to the ABS approximately 22 months after the income year. Data are taken from an annual extraction from the ATO database as at 31 October each year (16 months after the income year). For example, data for the 2008-09 financial year was extracted as at 31 October 2010 and provided to the ABS in April 2011. Data are released annually by the ABS.

### ACCURACY

Personal income tax data is derived from information contained in personal income tax returns lodged with the Australian Taxation Office. For the purposes of providing statistical measures for the entire population, the ATO database has some limitations in its coverage. Persons who receive less than the taxable income threshold are not necessarily required to lodge a tax return. This can include persons who derive their income from government pensions and allowances. Consequently, the coverage of low income earners, including people receiving government pensions and allowances is not complete in ATO records. In addition, a number of Commonwealth of Australia government pension, benefit and allowance payments are exempt from income tax and are therefore not required to be included in tax returns.

Data is provided by the ATO before the processing of all income tax returns for any given year may have been completed. Data provided to the ABS by the ATO are from returns processed up to 31 October, 16 months after the end of the financial year. It is estimated that approximately an additional 3% of taxpayers lodge their income tax returns in the twelve months after the initial processing cut off each year and approximately 5% of taxpayers lodge their income tax returns in the three years following the processing cut off. This means that data provided to the ABS slightly under-estimates the number of income earners and the total income earned.

Prior to being provided to the ABS, the statistics have also been subjected to a confidentiality process that randomly adjusts table cells with small values. This includes altering some small cells to zero. Caution should therefore be exercised in deducing that there are no people in an area with certain types of income and, in general, no reliance should be placed on table cells with small values.



## COHERENCE

Personal income tax statistics can be impacted by changes to Tax legislation. The ATO outlines any such changes in their annual release of 'Taxation Statistics' on the ATO website.

Data for income categories described above (see Relevance) are aggregated from items in the individual income tax return, and are selected to conform as closely as possible to ABS Income Standards. There have been several changes, reflected in data released for 2001-02 to 2005-06, and for 2003-04 to 2008-09:

Release	Reference periods	Changes to Wages and salaries
6524.0 and 6524.0.55.001 5673.0 and 5673.0.55.001	1995-96 to 2000-01	<ul style="list-style-type: none"><li>• Gross wage and salary income</li><li>• Allowances, commissions, tips etc.</li></ul>
6524.0.55.002 5676.0.55.003	2001-02 to 2005-06	<ul style="list-style-type: none"><li>• Gross wage and salary income</li><li>• Allowances, commissions, tips etc.</li><li>• Attributed personal services income</li></ul>
6524.0.55.002 5673.0.55.003	2003-04 to 2006-07 2003-04 to 2007-08 2003-04 to 2008-09	<ul style="list-style-type: none"><li>• Gross wage and salary income</li><li>• Allowances, commissions, tips etc.</li><li>• Attributed personal services income</li><li>• Lump sums</li><li>• Eligible termination payments</li></ul>

### Breaks in Series

Changes in taxation policy can occur in any income year and can, for example, influence whether an individual needs to lodge a tax return, and what is required to be reported on the tax form.

There are a number of breaks in series. One break in series was associated with the introduction of a one-off tax bonus introduced as part of the Economic Stimulus Package in response to the Global Financial Crisis. This one-off tax bonus was available to all individuals whose 2007-08 taxable income was \$100,000 or less, whose adjusted tax liability was greater than zero and who had filed their 2007-08 tax return by 30 June 2009. The Australian Taxation Office has reported in their *Taxation Statistics* publications that there was a 7.1% increase in individual tax lodgements for the 2007-08 financial year, in part due to individual lodgements being brought forward to access the tax bonus. This was followed by a fall of 2.8% in individual tax lodgements in 2008-09. In the ABS series, total income rose by \$52.1 billion from 2006-07 to 2007-08, but rose by only \$12.3 billion from 2007-08 to 2008-09. The number of individuals in the ABS series fell from 12.4 million in 2007-08 to 12.0 million in 2008-09.

Other breaks in series were associated with a change to taxation legislation regarding superannuation which took effect from 1 July 2007. This change means that people aged 60 years and over who receive superannuation income in the form of a lump sum or income stream (such as a pension) from a taxed source, will receive that income tax free. Therefore, if a person has no other income, or their total income is below the tax-free threshold, or any tax payable is mitigated by a tax offset (such as Senior Australian Tax Offset), then this person will not be required to lodge a tax return. In the ABS income series for superannuation and annuities, fewer persons reported income from this income source for the 2007-08 income year onwards. The break affects all Superannuation series (persons, income and average income).

Further information about these breaks in series can be obtained from the Explanatory Notes in the 2008-09 issue of this release.

### Changes in Occupation Classification in 2008-09

In addition to the break in series associated with the introduction of the one-off tax bonus, there has been a change in the classification used by the ATO to code occupation data. In 2009 the ATO moved from using the Australian Standard Classification of Occupations (ASCO) to the Australian and New Zealand Standard of Occupations (ANZSCO). The occupation categories for 2008-09 presented in this issue are not therefore comparable to those featured for 2003-04 to 2007-08 in previous issues of this product.

### Other ABS Data

Other ABS sources of income data are:

- the Survey of Income and Housing;
- the Survey of Average Weekly Earnings
- the Census of Population and Housing

The ABS Survey of Income and Housing (SIH) collects information on sources of income, amounts received and the characteristics of persons aged 15 years and over resident in private dwellings throughout Australia. Data collected from SIH can be compared to ATO personal income tax data published in Estimates of Personal Income for Small Areas (cat no. 6524.0.55.002) and Wage and Salary Earner Statistics for Small Areas (cat no. 5673.0.55.003) at the Australia level. Small area estimates are not released from the SIH. Comparison of these series for Australia can provide a means of assessing trends, establishing whether counts are of an expected magnitude and whether the distribution of income across the various sources is similar. The ATO personal income tax data contained in this release is generally consistent in magnitude with the estimates derived from the ABS Survey of Income and Housing at the Australia level.

The Survey of Average Weekly Earnings (AWE) is a quarterly sample survey of employing businesses. It collects data on average weekly earnings for full-time adult employee jobs, average weekly total earnings for all employee jobs, and average weekly ordinary time earnings for full-time adult employee jobs. Small area estimates are not released from AWE. The ATO Average Wage and Salary income as presented in Wage and Salary Earner Statistics for Small Areas (cat no. 5673.0.55.003) can be compared at the Australia level with the 'average weekly total earnings for all employees jobs' from the survey of Average Weekly Earnings. These two series items are generally consistent in magnitude at the Australia level.

Income data is also available every five years in the Census of population and housing. The Census provides total income for households and individuals. Data are available for a range of small areas.

## INTERPRETABILITY

Taxable income is calculated on the personal income tax as total income or loss minus total deductions.

Personal income tax data releases all contain detailed Explanatory Notes that provide information on scope and coverage, confidentiality, changes to the data over time, geographical presentation of the data, classifications and other technical aspects associated with these statistics.

## ACCESSIBILITY

All personal income tax data provided to the ABS from ATO, is released to the ABS website in:

- National Regional Profile (contains Taxation Statistics, income estimates by source and Wage and salary earners statistics in html web pages, excel spreadsheets, SuperTABLE datacubes and a .csv file)
- Estimates of Personal Income for Small Areas (cat no: 6524.0.55.002) - contains a summary main features, excel spreadsheets and SuperTABLE data cubes.
- Wage and Salary Earner Statistics for Small Areas (5673.0.55.003) - contains a summary main features, excel spreadsheets and SuperTABLE data cubes.

## Data Cubes (I-Note) - Data Cubes

Please note that there is a break in the series for Superannuation and annuities from 2007-08. There are also other breaks in series between 2006-07 & 2007-08 and between 2007-08 & 2008-09 that affect all income sources.

Please see the product Explanatory Notes for further information.

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